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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000609

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SUBJECT: MAC CHAIRMAN SAYS "FOUR WANTS" HAVE NOT HURT  
CROSS-STRAIT EFFORTS

REF: A. TAIPEI 581

[1](#)B. TAIPEI 565

Classified By: AIT Director Stephen M. Young, Reason 1.4 b/d

[1](#)1. (C) Summary: Mainland Affairs Council (MAC) Chairman Joseph Wu told Director Young that President Chen Shui-bian's "four wants" speech had not set back MAC's work on cross-strait relations. He described the private meeting between the PRC Taiwan Affairs Office Economics Director and his MAC counterpart in Taiwan earlier in the month as friendly. However, he also reported that there had been no progress in cross-strait discussions on tourism. Wu said MAC is assisting Legislative Yuan (LY) Speaker Wang Jin-pyng arrange a visit to China that could take place in April. End summary.

[1](#)2. (C) AIT Director Young met with MAC Chairman Joseph Wu on March 15 to discuss cross-strait relations after President Chen's "four wants" speech to the Formosa Association for Public Affairs on March 4. Wu was accompanied by MAC Chief Secretary Jan Jyr-horng and Department of Information and Liaison Section Chief Cheng Wei-ching.

[1](#)3. (C) Wu told Director Young that President Chen's "four wants" speech had so far had "no effect" on MAC's work. He noted that Straits Exchange Foundation Travel Department Chief Sun Chi-ming was already in China on his groundbreaking trip (ref B) when the speech was made. Wu said the trip would have been interrupted if Chen's speech had caused real damage to the cross-strait relationship. In addition, He Shizong, the Economics Director of the PRC's Taiwan Affairs Office, was in Taiwan during the speech. Mr. He's visit also continued undisrupted, Wu said. Wu revealed that Mr. He met twice with his MAC counterpart, Economics Director Fu Don-cheng. They met the second day of Mr. He's visit for a private breakfast meeting, and both attended a dinner March 9, the night before he departed Taiwan. This was Mr. He's second visit to Taiwan. He met with Fu on his last visit six years ago as well, Wu said.

[1](#)4. (C) MAC Chief Secretary Jan told AIT separately that Chairman Wu had suggested that Jan attend the dinner

event as well, but Mr. He had rejected the proposal because Jan was too senior. Jan reported that Mr. He and Fu discussed strengthening legal protections for Taiwan investors in the Mainland; increasing contact between SEF and its PRC counterpart, the Association for Relations across the Taiwan Strait (ARATS); and raising the level of official visits between Taiwan and the PRC.

15. (C) Wu told Director Young that TAO had insisted that the meetings be kept very quiet, but emphasized that the atmosphere was friendly. He explained that MAC had made approval for Mr. He's visit conditional on his meeting with Fu. Wu explained that Taiwan's strategy for now is to get PRC officials accustomed to visiting their counterparts when they come to Taiwan and eventually increase the level of contact and openness of the meetings. According to Wu, these kinds of visits began approximately a year ago when an official from TAO's Legal Affairs Office came to Taiwan and agreed to meet privately with his MAC counterpart. According to Wu, the two took a tour together in Yangmingshan, a national park just outside Taipei. He confirmed Director Young's speculation that personal relationships were an important factor in these meetings.

16. (C) Director Young asked Wu if he had any indication when Beijing might appoint a replacement for Wang Daohan, the head of ARATS who died two years ago, and if this suggested ARATS remained irrelevant organization. Wu said that he had not heard anything about Wang's replacement. He did know, however, that ARATS was being down-sized as some officials who held positions in both ARATS and TAO were being shifted exclusively to TAO.

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17. (C) Director Young also asked Wu's views on the capacity of local officials in China to make their own decisions on matters related to cross-Strait relations. Wu responded that the central leaders in Beijing make the general policy guidelines, which generally encourage economic integration. China, Wu said, wants to "suck Taiwan in and prevent it from drifting away." Local officials, on the other hand, are focused on attracting Taiwan investment and are willing to use personal connections and incentives to make it happen, he continued. Summarizing, he said the central government sets the guidelines, but within those local officials "go their own way."

18. (C) Turning to the ongoing cross-Strait tourism discussions under the "Macao Model," Wu told the Director that the two sides had met in Macau earlier in the week, although they made no progress toward an agreement. Beijing, he explained, had requested this meeting indicating that they had a new proposal in reply to Taiwan's earlier proposal. The new PRC proposal, however, turned out to be much the same as previous proposals with only minimal changes. Wu termed the proposal "unacceptable" because it still referred to travel to Taiwan as domestic travel.

19. (C) Chief Secretary Jan separately speculated that the PRC had requested the meeting only to give the appearance it was actively pursuing new discussion initiatives, while its actual intention was to slow the process. He described a similar attitude on the part of Beijing toward cross-Strait charter flight discussions. According to Jan, Taiwan had proposed before the Lunar New Year holiday that cross-Strait charter flights from Taiwan to Shanghai pass through Japan airspace in addition to the current approved route through Hong Kong and Macao airspace. At that time, Beijing had indicated that it would agree if Japan first approved the proposal. After the holiday, however, when Taiwan negotiators confirmed to their PRC counterparts that Japan had

approved the proposal, the PRC side then stated that it would need to discuss it further with military officials.

¶10. (C) During a private pull-aside at the end of the meeting, Director Young queried Chairman Wu concerning LY Speaker Wang Jin-pyng's plan to visit China (ref A). Wu confirmed that Wang was in touch with President Chen, who had directed MAC to assist. The Chen administration is interested in working with Wang in the hopes that, unlike the totally uncoordinated visits to China by pan-Blue heavyweights Lien Chan and James Soong, Wang's travel might assist the government in its overall cross-strait policy. At the same time, Wu added, they realize that Wang is a very political animal who is trying to enhance his domestic standing as a possible springboard toward the presidency. Thus they will remain cautious but engaged, as Wang seeks to arrange a trip this spring before the KMT primary process concludes. Wu confirmed that Wang has his own contacts to senior leadership in Beijing, possibly through Hong Kong, though he professed not to know who they were.

¶11. (C) As to what Wang might accomplish, he had initially been interested in scoring a breakthrough on PRC tourism, but MAC had discouraged this line of thought, arguing that existing channels in Macao were already working the issue well. At present Wang is considering seeking liberalization of PRC regulations for Taiwan businessmen on financial supervision, currency exchange and protection for Taiwan investors, and has been given government blessing here to proceed.

¶12. (C) According to Wu, earlier efforts by Wang to arrange a visit to the mainland had run up against PRC insistence that he embrace the one China principle and the 1992 consensus, but Wang -- no doubt grasping that this would put him into the same camp as his KMT rival Ma Ying-jeou -- had balked at any such preconditions. In short, Wu was currently not certain how this would all

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play out, but gave us the real sense that President Chen sees benefit in providing unofficial sanction to Wang's effort to arrange a substantive trip across the strait.  
YOUNG